

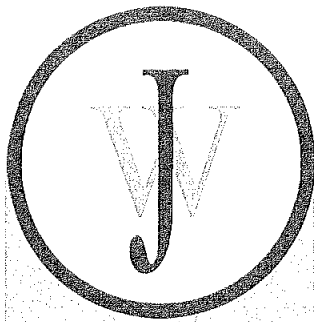
Rapides Station Community Ministries, Inc.

Financial Statements

For the Year Ended December 31, 2013

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J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rapides Station Community Ministries, Inc.
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rapides Station Community Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

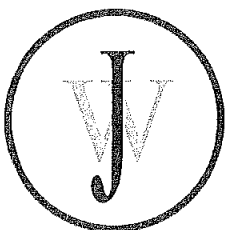
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rapides Station Community Ministries, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2014, on our consideration of Rapides Station Community Ministries, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapides Station Community Ministries, Inc.'s internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana
May 25, 2014



Basic Financial Statements

Rapides Station Community Ministries, Inc.
Statement of Financial Position
December 31, 2013

Assets

Current Assets	
Cash & Cash Equivalents	\$ 274,856
Inventory	<u>57,675</u>
Total Current Assets	332,531
Property & Equipment, net	1,269,323
Other Assets	
Investments	228,858
Restricted Inventory	<u>104,700</u>
Total Other Assets	<u>333,558</u>
Total Assets	<u><u>\$ 1,935,412</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	\$ 3,238
Accrued Payroll Liabilities	2,824
Line of Credit	<u>505</u>
Total Current Liabilities	6,567
Total Long-Term Liabilities	<u>-</u>
Total Liabilities	6,567
Net Assets	
Unrestricted	1,824,145
Temporarily Restricted	<u>104,700</u>
Total Net Assets	<u>1,928,845</u>
Total Liabilities and Net Assets	<u><u>\$ 1,935,412</u></u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Grants & Contributions	\$ 3,755	\$ 405,901	\$ 409,656
Program Support - Rental Income	63,132	-	63,132
Interest Income	877	-	877
Other Income	<u>45</u>	<u>-</u>	<u>45</u>
Total Revenues and Other Support	67,809	405,901	473,710
Net Assets Released from Restrictions	621,747	(621,747)	-
Expenses			
Program Services	337,596	-	337,596
Supporting Services	<u>337,535</u>	<u>-</u>	<u>337,535</u>
Total Expenses	<u>675,131</u>	<u>-</u>	<u>675,131</u>
Change in Net Assets	14,425	(215,846)	(201,421)
Net Assets at Beginning of Year	<u>1,809,720</u>	<u>320,546</u>	<u>2,130,266</u>
Net Assets at End of Year	<u><u>\$ 1,824,145</u></u>	<u><u>\$ 104,700</u></u>	<u><u>\$ 1,928,845</u></u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	Program Services					Management and General	Total Expenses
	Faith Partners	Rehab LHFA	Southwest LHFA	Gateway Properties	POP II	Total Program Services	
Bank Charges	-	-	-	-	-	711	711
Construction Costs	-	-	252	-	672	775	1,699
Contract Labor - General	-	9,617	-	-	226,850	60	236,527
Contract Service Provider	7,400	-	-	-	-	2,700	10,100
Depreciation	-	-	-	-	-	38,386	38,386
Dues	-	-	-	-	-	93	93
Employee Benefits	-	-	1,365	2,167	-	7,201	10,733
Insurance	-	-	-	4,597	-	20,423	25,020
Interest Expense	-	-	-	-	-	3,035	3,035
Repairs & Maintenance	-	-	-	3,649	-	4,482	8,131
Meals & Entertainment	-	-	-	-	-	624	624
Office Expense	-	-	-	25	-	4,693	4,718
Postage, Shipping, & Delivery	-	-	-	-	-	374	374
Professional & Technical Services	-	-	-	-	11,880	160,122	172,002
Salaries	-	-	4,637	24,000	30,810	73,248	132,695
Supplies	-	-	-	560	-	5,955	6,515
Telephone & Telecommunications	-	-	-	-	-	4,937	4,937
Travel	-	-	-	1,541	1,486	6,015	9,042
Utilities	-	-	-	6,088	-	3,701	9,789
Total Expenses	\$ 7,400	\$ 9,617	\$ 6,254	\$ 42,627	\$ 271,698	\$ 337,596	\$ 675,131

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (201,421)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	38,386
Decrease (Increase) in operating assets:	
Grants receivable	91,104
Inventory	124,742
Increase (Decrease) in operating liabilities:	
Accounts payable	(259)
Accrued liabilities	973
Total Adjustments	<u>254,946</u>
Net cash provided by (used in) operating activities	53,525

CASH FLOWS FROM INVESTING ACTIVITIES

Investments	200,827
Equipment purchases	<u>(6,976)</u>
Net cash provided by (used in) investing activities	193,851

CASH FLOWS FROM FINANCING ACTIVITIES

Notes payable repayments	(11,483)
Repayment on line of credit	<u>(200,320)</u>
Net cash provided by (used in) financing activities	<u>(211,803)</u>

Net increase (decrease) in cash and cash equivalents	35,573
Cash and cash equivalents, beginning of period	<u>239,283</u>
Cash and cash equivalents, end of period	<u><u>\$ 274,856</u></u>

Supplemental Disclosures:

1. Interest paid in 2013: \$ 3,035
2. There were no material non-cash investing or financing transactions during the year ended December 31, 2013.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 1 – Nature of Activities and Significant Accounting Policies

Organization and Purpose

Rapides Station Community Ministries, Inc. (Rapides Station) is a not-for-profit organization that provides academic assistance, enrichment, recreation, technology, tutoring, parental involvement and family literacy activities. Its mission also includes a comprehensive approach to education on affordable housing for low and moderate income families and developing property for sale or rent to low and moderate income families.

Rapides Station is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to Rapides Station are qualified as charitable donations.

Basis of Accounting

Rapides Station prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (FASB ASC) No. 958, *Financial Statements of Not-for-profit Organizations*. Under FASB No. 958, Rapides Station Community Ministries, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets. As of December 31, 2013 Rapides Station had \$1,824,145 in unrestricted net assets.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Rapides Station and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2013 Rapides Station had \$104,700 in temporarily restricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Rapides Station. Generally, the donors of these assets permit Rapides Station to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2013 Rapides Station had no permanently restricted net assets.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all restricted monies in banks and highly liquid investments with original maturities of less than three months.

Compensated Absences

Rapides Station accounts for compensated absences (e.g., unused vacation, sick leave) as directed by the Financial Accounting Standards Board Accounting Standards Codification No. 710-10-50-1 (FASB ASC 710-10-50-1), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. As of December 31, 2013, no estimates were made for compensated absences.

Revenue Recognition

Contributions and grants are recorded when awarded or pledged, except for reimbursement grants which are recorded as expenditures are incurred. All donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

Investments include money held in certificates of deposit with an original maturity date of greater than three months. Any interest earned on the certificates of deposit is rolled into the account balance and accounted for as unrestricted interest income. These investments are carried at fair value.

Fair Value

Rapides Station has adopted certain provisions of FASB Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures". ASC Topic 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. ASC Topic 820 requires Rapides Station to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy, the details of such fair value measurements.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 1 -- Nature of Activities and Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Rapides Station operates as a public charity under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes. However, Rapides Station is subject to income tax on any unrelated business taxable income. Since Rapides Station had no unrelated business income for the year ended December 31, 2013, no provision for income taxes is included in the accompanying financial statements.

Rapides Station files Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction and the State of Louisiana. The deadline to file Form 990 for the tax year ended December 31, 2013 has been extended until August 15, 2014. Rapides Station has not filed their 2013 Form 990 as of the date these financial statements were available to be issued. Should the entity's tax status be challenged in the future, the 2010, 2011, and 2012 tax years are open to tax examination by the IRS.

In July 2006, the Financial Accounting Standards Board (FASB) issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires companies to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. Rapides Station applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities.

Management has evaluated Rapides Station's tax positions and concluded that the organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements.

Inventory

Inventory consists of undeveloped land and lots purchased for sale with homes built on them for low and moderate income families. Any homes occupied by a temporary tenant are considered to be restricted inventory. Inventory is maintained on a cost basis and includes homes under development.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at fair value at date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Rapides Station reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Rapides Station reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful life of assets. The class lives of the more significant items within each property classification are as follows:

Vehicles	5 years
Furniture & Fixtures	5 years
Equipment	5-10 years
Building	39 years

Grants Receivable

Grants are recorded at the time of the award, except for reimbursement grants which are recorded as expenditures are incurred. If a grant becomes uncollectible, then it is written off at that time. As of December 31, 2013, all grants receivable have been collected.

Note 2 – Inventory

As of December 31, 2013 inventory consisted of the following:

Restricted Inventory	\$ 104,700
Undeveloped Land	<u>57,675</u>
Total	<u>\$ 162,375</u>

Note 3 – Property and Equipment

The following schedule summarizes cost and accumulated depreciation of property, plant and equipment as of December 31, 2013:

Land	\$ 123,538
Building	1,169,085
Equipment	83,396
Less: Accumulated Depreciation	<u>(106,696)</u>
Property and Equipment, net	<u>\$ 1,269,323</u>

Depreciation expense for the year ended December 31, 2013 is \$38,386.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 4 – Investments

As of December 31, 2013, the carrying value of investments consisted of the following:

Certificates of Deposit	<u>\$ 228,858</u>
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Note 5 – Long-term Liabilities

Rapides Station used proceeds from a certificate of deposit to pay off all long-term debt. As of December 31, 2013, the statement of financial position does not reflect a balance for long-term liabilities.

Note 6 – Line of Credit

On July 2, 2013, Rapides Station Community Ministries, Inc. renewed an unsecured line of credit in the amount of \$300,000 from Regions Bank. Borrowings under the line of credit bear interest at 3.25% and an interest only payment arrangement. The line of credit will mature on July 2, 2014. During the current year, Rapides Station used proceeds from a certificate of deposit to pay off most of the balance on the line of credit. As of December 31, 2013 the outstanding balance amount on the line of credit was \$505.

Note 7 – Temporarily Restricted Net Assets

As of December 31, 2013 temporarily restricted net assets consisted of the following:

<u>Description</u>	<u>Amount</u>
Restricted Inventory	<u>\$ 104,700</u>

Note 8 – Fair Value of Financial Instruments

In accordance with FASB ASC Topic 820, fair value is defined as the price that Rapides Station would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of Rapides Station's assets or liabilities. The inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 8 – Fair Value of Financial Instruments (Continued)

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Rapides Station's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Rapides Station recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. All fair value measurements are considered recurring Level 1 measurements as of December 31, 2013.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. Rapides Station's significant financial instruments are cash, accounts receivable, accounts payable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 9 – Concentrations of Risk

Rapides Station's cash balances are maintained at various financial institutions in the Alexandria, Louisiana area. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage on non-interest bearing and interest bearing accounts for deposits up to \$250,000. The FDIC insurance coverage limit applies per depositor and per insured depository institution for each ownership category. As of December 31, 2013, funds on deposit with various financial institutions were within FDIC limits. Management believes there is minimal risk related to the financial institutions.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against Rapides Station for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

It is always considered at least reasonably possible that benefactors, grantors or contributors might be lost in the near term. Rapides Station's market is concentrated in the Alexandria, Louisiana geographical area.

Rapides Station Community Ministries, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 10 – Related Party Transactions

Rapides Station Community Ministries, Inc. occupies a building that is owned by Rapides Station's executive director. In 2013, no rent was paid to the executive director.

The general contractor contracted for the *Non-profit Rebuilding Pilot Program* shares the same office building with Rapides Station Community Ministries, Inc.

Note 11 – Board of Director Compensation

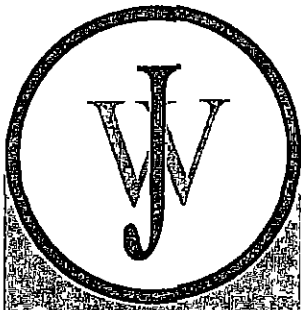
The Board of Directors is a voluntary board. No compensation was paid to any board member during the year ended December 31, 2013.

Note 12 – Legal Settlement

On May 8, 2013, Rapides Station Ministries, Inc. settled a dispute with a former consultant over unpaid compensation for services rendered. The dispute was settled outside of court in favor of the former consultant. As a result, Rapides Station paid the consultant \$10,000 in cash and transferred ownership of a residential property that had been held as restricted inventory and valued at \$124,742.

Note 13 – Subsequent Events

FASB 165, which is codified in ASC Topic 855-10, requires the disclosure of the date through which Rapides Station has evaluated subsequent events and the reason for selecting that date. Rapides Station evaluated subsequent events through May 25, 2014, the date the financial statements were available to be issued.



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Rapides Station Community Ministries, Inc
Alexandria, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rapides Station Community Ministries, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapides Station Community Ministries, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rapides Station Community Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Rapides Station Community Ministries, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described as 2013-01 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapides Station Community Ministries, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

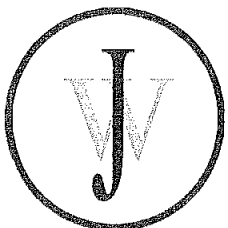
Rapides Station Community Ministries, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rapides Station Community Ministries, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Document Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana
May 25, 2014



Schedule of Findings and Questioned Costs

Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

I. Summary of Auditors' Report

a. Financial Statements

1. The auditors' report expresses an unqualified opinion on the financial statements of Rapides Station Community Ministries, Inc.
2. One control deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Rapides Station Community Ministries, Inc. are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

The entity did not expend \$500,000 or more in federal awards during the year ended December 31, 2013, and therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations*.

c. Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2013.

Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

2013-01 General Accounting

Condition:

There are instances of improper posting of transactions. It was noted that various prior-year transactions were deleted, which had an effect on the current-year beginning balances of the receivable and net asset accounts. These prior-year adjustments also resulted in the need for current-year adjustments against the net asset account.

Criteria:

Good controls over the financial records of the entity should include procedures which monitor the entries being recorded in the general ledger. This includes sufficient oversight and separate approval of proposed adjustments before they are entered in the general ledger.

Cause:

Weaknesses exist in the entity's monitoring procedures which may cause transactions to be improperly posted and could potentially result in a misstatement in the financial statements.

Effect:

There is the risk that a misstatement within the financial statements, related notes, or supplementary information may occur and not be detected or corrected in a timely manner.

Recommendation:

The organization should review its existing controls over financial reporting and, if necessary, modify or implement policies and procedures to ensure the proper recording of journal entries, and the accurate posting of transactions.

Response:

See Management's Corrective Action Plan for their response.

Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

III. Summary of Prior Year Findings

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2012-01 General Accounting

Condition:

There are instances of improper posting of transactions. In one situation it was noted that various utility and maintenance expenses were being recorded in an inventory account. The entries were erroneously debiting an account which is classified as property being held for sale instead of debiting the appropriate expense account.

Recommendation:

The organization should review its existing controls over financial reporting and, if necessary, modify or implement policies and procedures to ensure the proper recording of journal entries, and the accurate posting of transactions.

Current Status:

Partially resolved, see finding 2013-01.

2012 – 02 Grants Receivable Subsidiary Ledgers

Condition:

Subsidiary ledgers for grants receivable are not maintained and reconciled to the general ledger.

Recommendation:

Rapides Station should create subsidiary ledgers and implement procedures to see that these ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger to ensure proper posting and adjustment should be made as necessary.

Current Status:

Resolved.

MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS

2012 – 03 Requests for Non-reimbursable Funds

Condition:

There are some instances during the audit period where reimbursement requests were made for expenses that were later determined to be ineligible.

**Rapides Station Community Ministries, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013**

Recommendation:

The organization should review all draw request information for accuracy and completion, and should also review documentation on allowable and unallowable costs before the submittal of reimbursement request.

Current Status:

Resolved.

**Rapides Station Community Ministries, Inc.
Management's Corrective Action Plan
For the Year Ended December 31, 2013**

2013-01 General Accounting

Recommendation:

The organization should review its existing controls over financial reporting and, if necessary, modify or implement policies and procedures to ensure the proper recording of journal entries, and the accurate posting of transactions.

Corrective Action:

Management will review existing controls and implement adequate procedures to properly monitor general ledger activities and ensure that any errors are detected and corrected in a timely manner.

Implementation Date:

July 1, 2014

Contact Information:

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